Business Management Extended Essay

Research Topic:

An evaluation of marketing strategies of Christian Dior and Burberry

Research Question

To what extent are the marketing strategies of Christian Dior more effective than Burberry to increase its market share?

Word Count: 3820 words

Candidate personal code:

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Section1: Introduction

1.1 The context of the research and research question

Marketing strategy is the small part of the whole business strategy which leads to achieving the ultimate mission and vision of a business. The marketing strategy is all about planning, organising, directing and controlling of marketing activities staring from market research to the final goods or services are delivered to the end users of the product/service. Tio be specific market research, conceiving of an idea, development, testing and commercial launch of the product.

Diagram No: 1- Marketing strategy[1]

Business world is so dynamic that changes happen every now and the. PESTLE[2] factors influence both positively and negatively. To sustain the changes and stay on in the competitive world, every business needs to strategize its operations and it is important for a business to move forward. A business needs to know what business strategy it needs to follow and what business move needs to be taken to establish and sustain the business. Similarly, every business needs to understand its strengths and weaknesses of marketing strategy, what products the market wants at what price and what time, etc. Once the gaps in the market are identified, then, optimum marketing strategy can be designed.

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[1] https://www.marketing91.com/marketing-strategy/

[2] PESTLE – Political, Economic, Social, Technological, Legal and Ecological.

The purpose of this essay is to evaluate the marketing strategies of Christian Dir and Burberry and hence the research question is **To what extent are the marketing strategies of Christian Dior more effective than Burberry to increase its market share?**

1.2 Background information

Christian Dior is a public French company based in Paris and founded in 1946 by Christian Dior a renowned fashion designer based in Paris. It is commonly known as Dior, a luxury brand associated with the retail and lifestyle industry that caters to persons who are fashion conscious and the upper section of the society. Bernard Arnault currently controls the company which serves a global area at the moment. The global British Luxury brand Burberry, established in the year 1856[3] has developed a distinctive craftsmanship, design with innovation in place. Headquartered in London the brand develops, designs, manufacture and sells a range of ready to wear clothes, sunglasses, fragrances, and cosmetics.

1.3 The scope and worthiness of the investigation.

The proposed research question is worth studying and very much significant to understand because how business organisations adopt and vary marketing strategies to meet the changing requirements of the market/customers. In this essay, the marketing strategies of two big brands, Christian Dior and Burberry are discussed in detail including market segmentation, targeting, positioning, etc. The study helps to understand and appreciate the influence of PESTLE/CUEGIS[4] factors on business decisions. Christian Dior and Burberry are the two big global brands, it is always interesting to understand their business models and strategies and hence the research question is **To what extent are the marketing strategies of Christian Dior more effective than Burberry to increase its market share?**

1.4 Research methodology and its limitations.

[3] https://www.marketing91.com/marketing-strategy-of-burberry/

[4] CUEGIS- Change, Culture, Ethics, Globalisation, Innovation and Strategy.

This research is mostly based on the secondary data collected from various online resources including official websites of Christian Dior and Burberry. Other resources include business management text book for theory and concepts, reference books to understand business growth and marketing strategies. Though these sources are reliable, one cannot guarantee the validity and reliability of data and facts and hence, the answer to the research question may be completely correct. Still, sufficient efforts have ben taken to collect data from a variety of sources to overcome this limitations.

1.5 Application of Business Management tools and theories.

The topic in this research falls under marketing and hence this is very well within the scope of business management syllabus. Various tools like SWOT analysis, Ansoff matrix, marketing mix concept, economies of scale, market research, market segmentation, product positioning, etc., have ben used to analyse and discuss data. Further, the data have been presented using tables and graphs. These tools are very relevant as they give opportunity to analyse and discuss the issue. Since business organisations work in a highly dynamic environment, changed happen every now and then. External factors like PESTLE influence and affect business decisions and hence business management analytical tools may not give the correct analysis of the situation. These tools have their own limitations too, for example, SWOT analysis is very much qualitative tool.

Section 2: Main Findings, Analysis and Discussion

A good business strategy along with marketing strategy, offer various advantages to business firms. Dior's marketing strategy offers distinct advantages like develops long lasting relationship, building authority and credibility in the market. This also helps to improved brand awareness and recognition. Finally, this helps customers to move through the purchase decision quickly. This essay, investigates, how marketing strategies of Dior effective then Burberry in the competitive market.

2.1 Analysis of growth strategy using Ansoff matrix (Dior and Burberry)

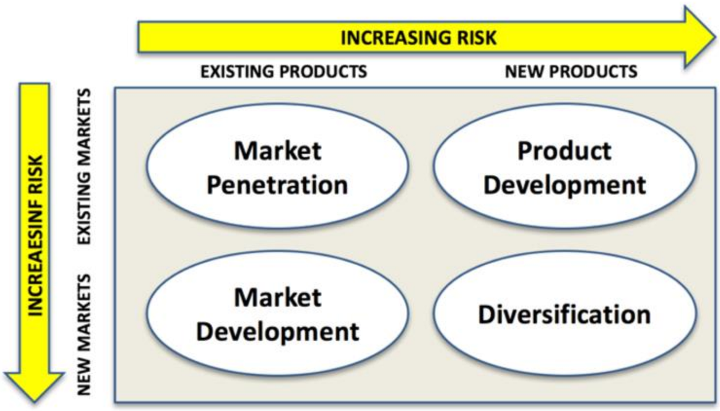

Diagram No 1: Ansoff matrix[5]

The Ansoff matrix is an analytical tool that helps managers to choose and devise various product and market growth strategies[6]. There are four options for growth like:

- Market penetration,
- Product development,
- Market development, and
- Diversification

Both Dior and Burberry have used market **penetration and market development strategies.** Market penetration is the low risk strategy as businesses focus on selling existing products

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[5] https://www.tutor2u.net/business/reference/ansoffs-matrix

[6] Business Management, Paul Hoang

in existing markets, where as market development is a medium risk strategy where the firms sell existing products in the new markets. Both Dior and Burberry have used market penetration and market development strategies, however, Dior's strategy was little aggressive market penetration as compared to Burberry.

However, this is a theoretical model and does not take into considerations of unforeseen events which arise from external factors (PESTLE) which have a very high impact on business decisions.

2.2 SWOT analysis of Dior[7] and Burberry[8]

Strengths		Weaknesses	
Dior	**Burberry**	Dior	**Burberry**
Its product line is very broad, the company offers one-stop destination for fashion enthusiasts as it has offerings for Men, Women and baby care in the categories such as Fragrance, make-up, skincare, clothing & accessories, watches, jewellery, etc.	Having 156 years of long history, the brand has become iconic. Iconic fashion brand. It has a global presence and it is more than mere manufacturer.	Dior has too many brands. If one brand's reputation is tarnished, this may affect all of its brand.	Its product line is very much limited and consists of apparels, beauty products and accessories. Its major revenue comes from Asian countries, this is always risky.
Opportunities		**Threats**	
Dior	Burberry	Dior	**Burberry**
Demand for premium products ahs been increasing. Market penetration and market development in emerging countries.	Lifestyle of people is changing. Better education, profession, work environment, etc., have resulted into steep demand for premium goods & services.	Shorter life cycle, counterfeit products, health care awareness, etc., are denting future prospectus of the Dior.	Due to imitation and fake products, the brand is getting tarnished. Intense competitions from other premium products possess serious threat to the existence of Burberry.

7 https://www.marketing91.com/swot-analysis-dior/

8 https://www.marketing91.com/swot-analysis-of-burberry/

Though SWOT analysis is a good tool to understand relative strengths and weaknesses, again this is also a theoretical model and has less importance in this dynamic business world.

2.3 BCG matrix

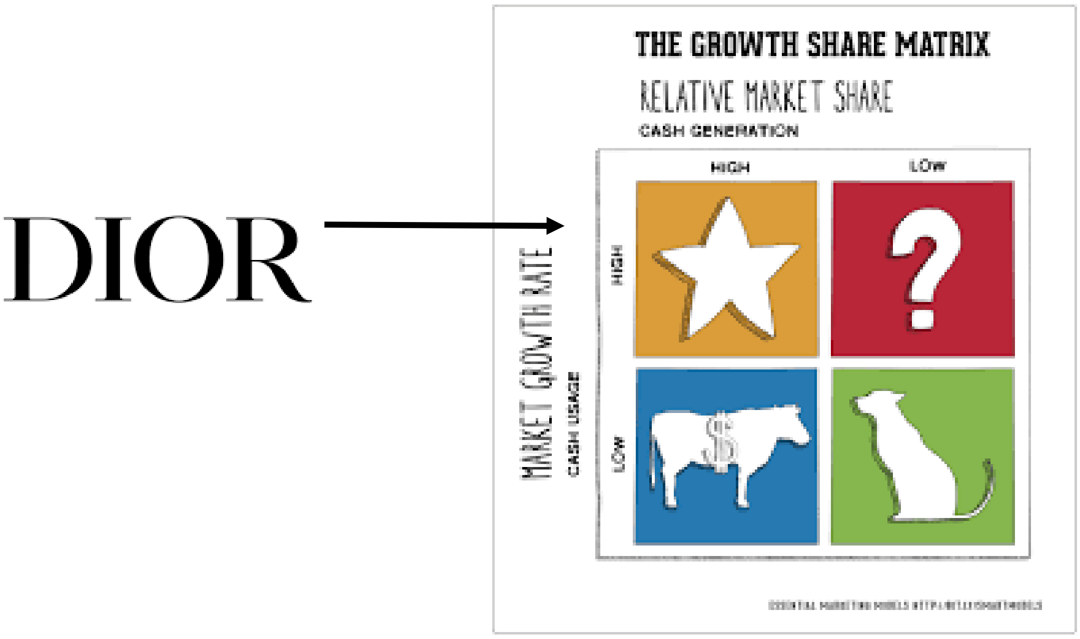

Diagram 2: BCG matrix[9]

Boston Consulting Group matrix is an analytical frame work created by Boston Consulting Group to analyse business products portfolio. This analysis the product on the basis of market growth and market share. This matrix helps to understand and analyse each product so that decision can be taken which brands the firm should invest in and which ones should be divested.

- Dogs: These are products with low growth or market share.
- Question marks or Problem Child: Products in high growth markets with low market share.
- Stars: Products in high growth markets with high market share.
- Cash cows: Products in low growth markets with high market share

Based on the findings that , DIOR brand and its products is considered as STAR products on the BCG matrix.

2.4 Product positioning map

[9] https://www.smartinsights.com/marketing-planning/marketing-models/use-bcg-matrix/

Positioning is another analytical tool which helps differentiating a product or service of a company as compared to its competitor. Here customers' perception is taken into account to distinguish between or among the products. This diagram will have two variables like price and quality. The visual diagram helps marketers in coming up with the appropriate positioning strategy, which may involve developing new competitive advantages or optimizing existing ones.

2.5 Market share

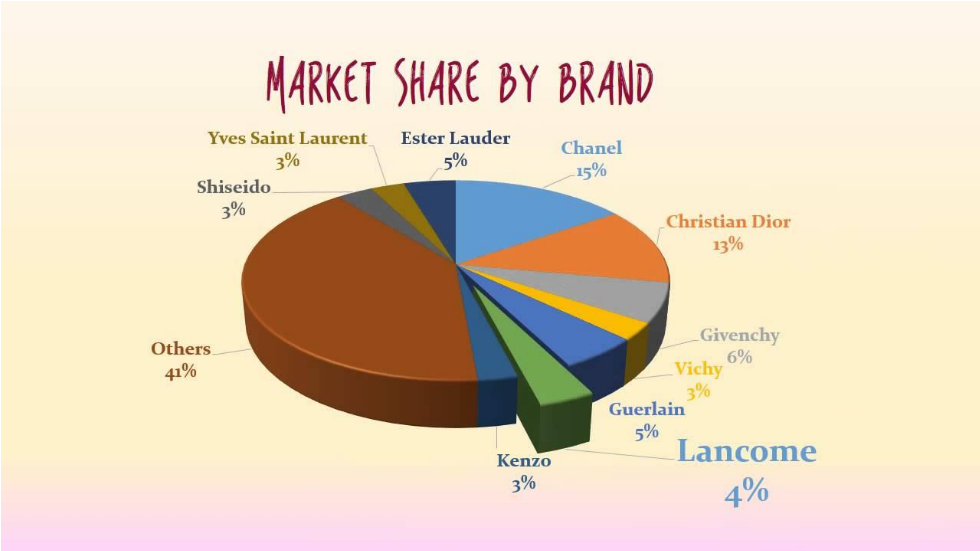

Diagram 3: Market Share[10]

From the above diagram, it is evident that, Christian Dior hold 13 % share globally, which is good.

2.6 Further analysis

The analysis of the brand of Dior's marketing strategies, for over seventy years the company has remained the symbol of elegance, luxury, and excellence and through its elegant and stylish design which is ahead of time has continued to inspire the fashion industry. The luxurious brand of Dior has maintained as the trendsetter satisfying the sense of high-class individuals. The brand deals in design, sales, and marketing of fashion accessories, as well as beauty products such as jewellery, skincare products, make-ups among others. While

[10] https://www.smartinsights.com/marketing-planning/dior/market-share-/gen

Burberry is also a fashion house that focuses on developing and distributing trench coats, outerwear, fragrances, fashion accessories as well as cosmetics among others.

For years, Dior company has maintained its origin and exclusive products. For instance, in Europe, they are available in nearly forty-five locations. The company sells its products through its well-established retail stores in the global market and also through its various online stores found on their website dior.com. Dior believes in one-to-one sales of their products and through its network of efficient personnel that are well trained, capable and professional. The company's outlets are spacious and have a specious well, well decorated with elegant ambiance, cool atmosphere, and critically located to gain maximum advantage over other brands such as Burberry.

Dior uses differentiated targeting strategies to promote and attract a certain group of customers and make its products available to them. The Christian Dior marketing strategy analyses have 4Ps that explains its marketing strategy. The 4Ps include the Product, Price, Place, and Promotion. My research elaborates on the pricing strategy, advertising and distribution strategies that Dior employs to increase its market share.

Fastly, the pricing strategy and mix in Christians Dior marketing strategy. Christian Dior is a luxury fashion company that has priced its goods at a premium rate. As the name luxury commodities suggest, the value of Dior goods is significantly priced higher compared to the majority of luxury brands in the sector operating at a premium rate. The targeted consumers for these goods are willing individuals who are ready to pay any price for the status of these luxurious goods, hence the targeted population is not price-conscious. The company has developed a loyal relationship with its customers who have remained loyal despite the high pricing of their goods. Therefore, Christian Dior in its marketing mix has established and streamlined a strategy that follows a premium pricing policy. The ladies' clothes are priced with a starting range of three thousand euros, while shoes, bags, accessories, and jewelry at a starting price of 390 euros, 210 euros, 710 euros, 140 euros, and 120 euros respectively. On the other hand, men's products ready-to-wear is valued with a starting price of 15euros, shoes at a starting price o 370 euros while leather goods at a starting price of 140 euros.

Secondly, the Dior products offer exclusivity to the consumers and are offered through various channels such as boutiques, exclusive stores, multi-brand stores, high-end supermarkets, and e-commerce sites which are maintained by the company itself to go globally and also make the products available globally. The company has many retail and stores placed across Europe and as well as across the globe, for instance, the Christian Dior Couture group has more than 4,000 stores globally with 40+ stores located in Europe and the rest of the stores globally located. The Dior family believes in quality and high integrity thus each retail can only carry licensed products for the given locality. Besides, Dior's company does not sell any of its products through its established website, even though the company has a website. Despite the company has a website as well, only a selected range of their products are sold online not by the company but by the third part e-commerce website.

The promotional and advertising strategy of the Christian Dior marketing strategy. The Christian Dior for many years has enjoyed the loyalty of its customers in the age group of 15-40 thus making it not use the old traditional to market and advertise its products. Instead, it uses modern entities such as Vogue magazine to publish Ads that caters to its indented population in the market. Since the customers of Dior brand have an inclination towards the fashionable apparels and accessories, coming from the middle-upper income social groups as well as the upper-income social class. The company, therefore, has maintained high relationship management standards with her customers since it is a luxury fashion company that enjoys trust and loyalty among its consumers, hence rewarding them through constant updates of the latest products and any current news regarding any product or concern of their customers through posts and emails. Various celebrities have used Dior products publicly in Europe and across the globe facilitating the visibility of the brand not only in Europe but across the globe. The company furthers its marketing strategies through shows and campaigns running through on its website by renowned celebrities which enables the brand to maintain the customers as it penetrates the Europe market and the globe at large. The Christian Dior company does not carry out products' sales promotion activities, though the brand offers information to their consumers concerning a variety of its products in the market, locations of purchase, and new products through its website. Despite the companies in the luxury fashion and accessories segment facing various market forces affecting them, such as counterfeit goods, the Dior brand has maintained high standards products winning the loyalty of her customers.

Besides, the brand has also adopted exhibitions of its classic designs featuring its rich history of fashion in various parts of Europe and the world at large. One of its exhibitions is Esprit Dior which represented the history of the brand. The exhibition featured 10 different themes such as Miss Dior, Paris Dior, Dior's Stars, From Pink to Red among other themes. It also had the New Look Revolution featuring the evolution of Bar Suit. The exhibition featured the hard work it took the brand to create besides how the item had changed

Also, the Dior brand has used e-commerce to conquer not only the European market but the global market as well. The Dior sold its products on WeChat conquering the eCommerce market of the Chinese. During the Oixi Festival Holiday in China, the company made greater sales of its Lady Dior bag on WeChat. Despite the strategies being planned for a four-day online selling it only took the company to immediately sell the product on a one-day event. Moreover, the Dior brand has strategies itself from usual tradition fashion thus attracting most of the millennial audiences who value new creation. One of the purgations made by the brand was the creation of Dior Eyes-a VR headset or running shoes. It also created the state-of-art device in partnership with DigitalsLBi Labs France in June 2016.

Christian Dior has also used up-scaling strategy to increase sales by opening up to a wider market. Though Dior's brand mainly concentrated on producing women's products, the brand started producing for men and kids over the years. The Christian Dior’s main strength has been the acquisition of Louis Vuitton one of the largest luxury firms in the world. Louis Vuitton is a brand that belies in similar strategies as Dior brand such as upscaling. The company has upscaled to various products such as cosmetics, clothing, fashion accessories, perfumes, watches, and jewelry. These strategies resulted in the company's strong brand image among the consumers and a lot of visibility to its customers and the acquisition of Louis Vuitton.

Pricing strategy of Burberry, it is also a premium brand with high pricing since her consumers belong to the upper-middle-class social group. The brand priced small gifts from 40 pounds plus depending on the design of the gift chosen. The company uses the differential tactic in pricing the commodities whereby; a majority of clothes will be offered between 200 to 1000 pounds, especially small items such as scarves, cap priced in the low ranges and other items offered in the upper ranges such as trench coats.

The positioning of Burberry as a marketing strategy the brand has positioned itself to stand out from the rest following the following factors: high consideration of trendiest and latest fashions by use of varied brands of products and lines that are sold in the competitive market. Therefore, the specialization of each product lines with a specific demand without affecting the quality of the end product.

The Burberry brand Gap Dashboard strategy is a designed brand strategy using metrics. In the opening of a product in the POS structure, metrics are collected in at least a week after the opening of the commodity. The dashboard is used to conduct comparison and analysis in a monthly duration since all stats are recorded. The monthly comparison of the dashboard and analysis are used to observe the estimated outcome match the expected outcome and how it complements the main objective of the retail plan. The CEO and the marketing manager can use the gap dashboard to determine whether the market achieves its goal or loopholes is leading to inefficiency.

Besides, the Burberry brand has adapted the process of the web plan to market the retail outlet. In this case, the brand uses the website as the primary way to market its products. In this marketing plan, the brand identified two primary communication channels: the internet and the social media consisting of two marketing mixes used in the plan; mass marketing and niche marketing. According to Wu, H. (2010), the strategic plan implements' the use of social media as an open call to all masses while niche to selected retail outlets and franchises in specific areas for enhancing customer relationships. Aspects to highlighted in the social media include: Updated contact and out-location information to be availed to all social media uses, a slideshow for customers concerning Burberry's brands and products available, details of events to be carried out by the brand, testimonials received by the brand from business partners, and details of membership, sponsorship, and availability of internship.

The table below shows the most popular luxury brand online 2019 using online marketing strategy

Rank	Brand	Search Interest	Web Traffic	Social Media Audience	Social Media Engagement
Louis Vuitton (Christian Dior)	9.67%	7,700,000	56,886,821	56,886,821	7,400,000
Burberry Brand	3.62	2,790,000	2,790, 000	43,329,468	1,485,372

Table No: 2

Comparison of Dior and Burberry on pricing strategy using 13 brands

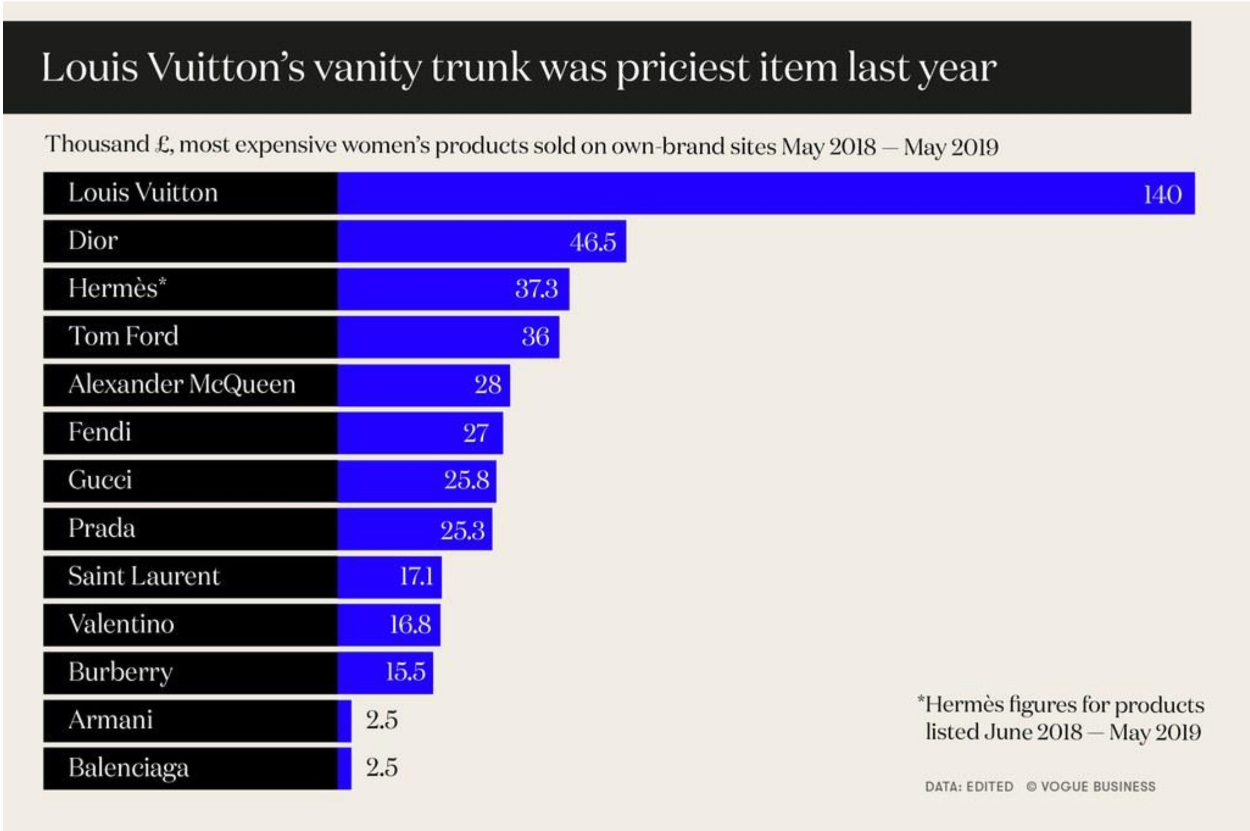

Diagram 4: Comparison of Dior and Burberry on pricing strategy[11]

[11] https://skedsocial.com/blog/social-media-strategy-rebranding-heritage-at-burberry/market-share-piechart/

From the above marketing strategies analysis for Christian Dior and Burberry, Dior brand has effectively implemented her strategies to meet the company's needs compared to Burberry strategies. Dior's strategies have led to continuous customer loyalty to the brand despite higher pricing. This has led to an increase too in revenue as well as a wide market supply by the company. The strategy to maintain the brand's originality as well as exclusivity has positioned the brand at higher levels globally. This, in turn, has widened the market for Dior's products. Generally, Dior brand has for years effectively enhanced her marketing strategies which have seen the company grow.

2.7 Application of CUEGIS

CUEGIS stands for Change, Culture, Ethics, Globalisation, Innovation and Strategy. These are the concepts used while analysis business situation. Both globalisation and strategy have influenced heavily DIOR. Due to increasing globalisation, the competition has been increasing. Due to long term and short-term business strategies, DIOR has to adjust its marketing mix elements, market segmentation and reposition its a few of its products. This intense marketing and business strategies of DIOR helped business to ahead of the competitors.

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3. Conclusions

This research was undertaken to evaluate the marketing strategies of Christian Dior and Burberry and hence the research question was To what extent are the marketing strategies of Christian Dior more effective than Burberry to increase its market share?

The evaluation was done using various tools like SWOT, CUEGIS, PESTLE, BCG matrix, product positioning map, marketing mix , etc. For the Luxury fashion industry to meet the customer's demands, the sector should always be on track. All the mentioned above Christian Dior and Burberry motivates the brands to up with great designs to meet the daily needs and demands of their customers as well as come up as the most valuable, searched, and appreciated by consumers globally. The brand needs to initiate efficiency in effecting its marketing strategies while putting the consumers' needs in mind. Based on the analysis, **it is concluded that marketing strategies of Christian Dior is better than Burberry and products stand out in the market.**

However, this research has certain limitations in terms of data used from various websites. Secondary data is not completely reliable and hence conclusion to this research question cannot be validated. Various tools used in this essay have their own limitations as they are mostly qualitative analytical tools.

Word Count: 3820 words

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